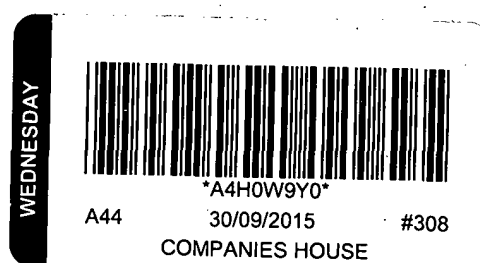


Britannia Treasury Services Limited
Directors' report and financial statements
for the year ended 31 December 2014

Registered Number: 03416197



Britannia Treasury Services Limited

Content

Directors and advisors	1
Strategic report for the year ended 31 December 2014	2
Directors' report for the year ended 31 December 2014	3
Independent auditor's report to the members of Britannia Treasury Services Limited	5
Statement of comprehensive income for the year ended 31 December 2014	7
Statement of financial position as at 31 December 2014	8
Statement of changes in equity for the year ended 31 December 2014	9
Statement of cash flows for the year ended 31 December 2014	10
Statement of accounting policies for the year ended 31 December 2014	11
Notes to the financial statements for the year ended 31 December 2014	14

Britannia Treasury Services Limited

Directors and advisors

Directors

C L Gosling (resigned 10 July 2015)
R A Burrows (resigned 30 November 2014)
D Mundy (appointed 18 December 2014)
S Aitken (appointed 10 July 2015)
D Miller (appointed 20 August 2015)
R Adnett (appointed 20 August 2015)

Secretary

S Moss (resigned 21 October 2014)
K Arnold (appointed 22 October 2014) (resigned 19 December 2014)
B McKeown (appointed 19 December 2014) (resigned 30 March 2015)
D Whitehead (appointed 30 March 2015)

Independent auditor

Ernst & Young LLP
1 More London Place,
London,
SE1 2AF

Registered office

1 Angel Square
Manchester
M60 0AG

Registered number

03416197

Britannia Treasury Services Limited

Strategic report for the year ended 31 December 2014

Principal activities

Britannia Treasury Services Limited was incorporated in England. The principal activity of Britannia Treasury Services Limited (the 'Company') is as an intermediate holding company on behalf of The Co-operative Bank plc for Mortgage Agency Services Number One Limited, Mortgage Agency Services Number Two Limited, Mortgage Agency Services Number Three Limited, Mortgage Agency Services Number Four Limited, Mortgage Agency Services Number Five Limited, Mortgage Agency Services Number Six Limited, Mortgage Agency Services Number Seven Limited, Western Mortgage Services Limited and Platform Group Holdings Limited. The Company is a wholly owned subsidiary of The Co-operative Bank plc (the 'Bank').

Business review

The profits of Britannia Treasury Services Limited are dependent on its subsidiary companies. Given current market conditions management expect these subsidiary companies to continue in business without striving for the levels of growth previously experienced, but looking to consolidate their position within the competitive environment.

Business environment

As set out more fully in the statement of accounting policies, these financial statements have been prepared under the current International Financial Reporting Standards (IFRS) framework, as endorsed by the European Union (EU). All financial information given in this report is taken solely from the statutory results prepared on the above basis.

Future outlook

The directors have considered the Company's business activities together with its financial position and the factors likely to affect its future development and performance.

Consequently, after making enquiries, the directors are satisfied that the Company has sufficient resources to continue in business for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements. See further detail in the Basis of preparation and Going concern paragraphs on page 11.

Principal risks and uncertainties

The principal risk and uncertainties of the Company are integrated with the principal risks of the Bank and not managed separately. Accordingly the principal risks and uncertainties of the Bank, which include those of the Company, are discussed within the Bank's Annual report and accounts which does not form part of this report.

Key performance indicators (KPIs)

The directors of the Bank manage the operations of the group as a whole. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The key performance indicators of the Bank, which includes this Company, are discussed within the Bank's Annual Report and Accounts, which does not form part of this report.

Approved by the Board of Directors on 28 September 2015.

Signed on behalf of the Board

Signed: 

D Miller
Director

Date: 28 September 2015

Britannia Treasury Services Limited

Directors' report for the year ended 31 December 2014

The directors present their report and the audited financial statements of Britannia Treasury Services Limited (Registered Company No: 03416197) for the year ended 31 December 2014.

Results

The profit for the year, after tax, amounted to £4,143k (2013: £4,433k). The net assets of the Company at 31 December 2014 were £115,186k (2013: £111,042k).

Dividends

The directors have not proposed a dividend for the year ending 31 December 2014 (2013:£nil).

Likely future developments

The future developments, principal risks and uncertainties and key performance indicators of the Company are dealt with in the Strategic report on page 2.

Employees

The Company has no employees (2013: nil). All staff are employed by the Bank.

Directors' details

The directors who held office during the year are given below:

C L Gosling (resigned 10 July 2015)

R A Burrows (resigned 30 November 2014)

D Mundy (appointed 18 December 2014)

No director had any beneficial interest in the share capital of the Company or any other company of the group at any time during the period under review.

Insurance and Indemnities

During 2014 the Company maintained appropriate Directors' liability insurance in respect of legal action against its Directors. In addition, qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in operation during the 2014 financial year and are in force for the benefit of the Directors in relation to certain losses and liabilities which they may incur in connection with their appointment. The cost has been borne by the Bank.

Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRS as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies in accordance with International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Britannia Treasury Services Limited

Directors' report for the year ended 31 December 2014 (continued)

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Statement on disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

Following an audit tender process carried out by the parent company, Ernst & Young LLP were appointed by Shareholder Resolution to supersede KPMG Audit Plc on 27 October 2014.

On behalf of the Board

Signed: _____



D Miller
Director

Date: 28 September 2015

Britannia Treasury Services Limited

Independent auditor's report to the members of Britannia Treasury Services Limited

We have audited the financial statements of Britannia Treasury Services Limited for the year ended 31 December 2014 set out on pages 7 to 19 which comprise the Statement of Comprehensive Income, Statement of Financial Position, the Statement of Changes in Equity, Statement of Cash Flows, Accounting Policies and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report and the strategic report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report and the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Britannia Treasury Services Limited

Independent auditor's report to the members of Britannia Treasury Services Limited (continued)

Emphasis of Matter

In forming our opinion on the financial statements, which is unmodified, we have considered the adequacy of the disclosures made in the Basis of preparation note of the financial statements on page 11 concerning the Company's ability to continue as a Going Concern. In that section the Directors set out the risks associated with the successful execution of the 2015–2019 Strategic Plan (the Bank's Plan) of the parent undertaking, The Co-operative Bank plc. These matters represent a material uncertainty which may cast significant doubt upon the Company's ability to continue as a Going Concern. These financial statements do not include the adjustments that would result if the Company were unable to continue as a Going Concern.

Signed: _____



Date: 29 September 2015

Peter Wallace (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Britannia Treasury Services Limited

Statement of comprehensive income for the year ended 31 December 2014

	Notes	2014 £	2013 £
Interest income and similar charges	2	376,012	350,733
Net interest income		376,012	350,733
Dividend income	3	3,854,000	4,167,649
Total income		4,230,012	4,518,382
Operating expenses		(7,500)	(4,182)
Profit before taxation		4,222,512	4,514,200
Taxation	5	(79,205)	(81,113)
Profit attributable to equity holders		4,143,307	4,433,087

Profit is derived from continuing operations and all activities are in the UK.

There are no recognised gains or losses during the year or the prior year other than those passed through the Statement of comprehensive income.

The accounting policies and notes on pages 11 to 19 form part of these financial statements.

Britannia Treasury Services Limited

Statement of financial position as at 31 December 2014

	Notes	2014 £	2013 £
Assets			
Investments in subsidiary undertaking	6	59,500,410	59,500,410
Other receivables	7	55,845,088	51,622,684
Total assets		115,345,498	111,123,094
Liabilities			
Other payables	8	159,766	80,669
Total liabilities		159,766	80,669
Equity			
Called-up share capital	9	5,050,005	5,050,005
Retained earnings		110,135,727	105,992,420
Total equity		115,185,732	111,042,425
Total equity and liabilities		115,345,498	111,123,094

The accounting policies and notes on pages 11 to 19 form part of these financial statements.

Approved by the Board of directors on 28 September 2015 and signed on its behalf by:

Signed: 

D Miller
Director

Britannia Treasury Services Limited

Statement of changes in equity for the year ended 31 December 2014

	Share capital £	Retained earnings £	Total £
Year ended 31 December 2014			
Balance at the beginning of the year	5,050,005	105,992,420	111,042,425
Profit for the year	-	4,143,307	4,143,307
Balance at the end of the year	5,050,005	110,135,727	115,185,732

	Share capital £	Retained earnings £	Total £
Year ended 31 December 2013			
Balance at the beginning of the year	5,050,005	101,559,333	106,609,338
Profit for the year	-	4,433,087	4,433,087
Balance at the end of the year	5,050,005	105,992,420	111,042,425

The accounting policies and notes on pages 11 to 19 form part of these financial statements.

Britannia Treasury Services Limited

Statement of cash flows for the year ended 31 December 2014

	Notes	2014 £	2013 £
Net cash flows from operating activities	10	-	-
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

The accounting policies and notes on pages 11 to 19 form part of these financial statements.

Britannia Treasury Services Limited

Statement of accounting policies for the year ended 31 December 2014

Basis of preparation

Britannia Treasury Services Limited is a company incorporated and domiciled in England.

The Company's financial statements have been prepared under the historical cost convention.

The Company is required to prepare its financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and implemented in the UK, interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and with those parts of the Companies Act 2006 applicable to organisations reporting under IFRS.

Going concern

The financial statements of the Company have been prepared on a going concern basis. At 31 December 2014, the Company had an intercompany receivable of £55,845k (2013: £51,623k) from its parent undertaking, the Bank. The Basis of preparation note to the Bank's financial statements sets out the risks associated with the successful execution of the Bank's plan. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Bank's ability to continue as a going concern. In the event the Bank does not continue as a going concern, the Bank is unlikely to be able to settle the debt, which would affect the Company's ability to continue as a going concern. Relevant extracts from the Bank's financial statements regarding this matter are described in the paragraphs that follow.

Following the capital shortfall identified in 2013, and the subsequent successful capital raising exercises, the Bank is now in the early stages of its turnaround.

The completion of the capital raising exercises removed elements of uncertainty around the Going Concern status of the Bank. However, whilst important steps, these are not in themselves sufficient to recapitalise the Bank in the long term. There continue to be material uncertainties around the Bank's ability to continue as a Going Concern. In particular, the Bank needs ongoing regulatory acceptance of the Bank's position until the IT platform is remediated and the Bank has rebuilt its capital strength to be able to withstand a significant stress.

The 2015–2019 plan was reviewed and accepted by the PRA following the Stress Test Results (Stress Test) announced on 16 December 2014. This plan has been designed to enable the Bank to withstand a stress of the severity of the Stress Test by the end of the plan period and involves reshaping and restructuring the business as a core relationship bank.

Further details in respect of the above matters are disclosed in the Bank's financial statements. Page 26 of the Bank's financial statements details the Bank's position in relation to deficiencies against regulatory requirements and expectations.

The directors of the Company have concluded that risks set out above in connection with the Bank's plan, and the consequential risks associated with the intercompany receivable due from the Bank, represent a material uncertainty which may cast doubt upon the Company's ability to continue as a going concern. The Company may, therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the current forecasts, and taking into account the material uncertainty described above, the directors have a reasonable expectation that the Company will have adequate resources to continue in business over this period. For these reasons, they continue to adopt the going concern basis in preparing these financial statements. These financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Britannia Treasury Services Limited

Statement of accounting policies for the year ended 31 December 2014 (continued)

Standards and interpretations issued and effective

In preparing these financial statements, the Company has adopted the following pronouncement during the year that is new or revised but has no material impact on the financial statements:

- Amendments to IAS 32 (Offsetting Financial Assets and Financial Liabilities)

The current offsetting model in IAS 32 requires an entity to offset a financial asset and financial liability only when the entity currently has a legally enforceable right of set-off and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. This amendment clarifies the position when offsetting financial assets and financial liabilities. The legal right of set-off must be available today and legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amended disclosures requires more extensive disclosures than are currently required. The disclosures focus on quantitative information about recognised financial instruments that are offset in the balance sheet, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. The amendment to IAS 32 has no material impact on the financial statements of the Company.

- Amendment to IAS 39 (Novation of Derivatives and Continuation of Hedge accounting (2013))

This amendment allows hedge accounting to continue where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. The amendment to IAS 39 has no material impact on the financial statements of the Company.

Standards and interpretation in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and, in some cases, not yet adopted by the EU.

- IFRS 9 (Financial Instruments (2014))

This new standard was issued in July 2014 and supersedes IAS 39 Financial Instruments: Recognition and Measurement. The standard includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting. The standard also supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). Due to the short period of time which has elapsed since the issue of the standard, the Company has not yet estimated the financial effects, although it is expected that IFRS 9 will have a significant impact for the Company, in line with the wider industry. The standard is mandatory for years beginning on or after 1 January 2018 but is available for early adoption subject to EU endorsement.

- IFRS 15 (Revenue from Contracts with Customers (2014))

This standard was issued in May 2014 and is a converged standard from the IASB and FASB on revenue recognition. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. This standard supercedes IAS 18 (Revenue) and a number of revenue interpretations.

The standard will be effective for annual reporting years beginning on or after 1 January 2018 subject to EU endorsement. The impact to the Bank of the amendments is likely to be immaterial as income from IAS 39 financial instruments is outside the scope of IFRS 15. However, the Company has not yet finalised its estimation of the financial effects.

- Amendments to IAS 1 (Presentation of Financial Statements)

The narrow-focus amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. In most cases the proposed amendments respond to overly prescriptive interpretations of the wording in IAS 1. The impact to the Company of the amendments is likely to be immaterial.

Other standards and interpretations have been issued but these are not considered to be relevant to the Company's operations.

The Company intends complying with the standards from the date they become effective.

Britannia Treasury Services Limited

Statement of accounting policies for the year ended 31 December 2014 (continued)

Functional and presentation currencies

The financial statements are presented in sterling, which is the Company's functional currency (ie the primary currency in which it transacts business) and presentation currency.

Interest receivable and similar income

Interest is accrued in the statement of comprehensive income using the effective interest rate method.

Taxation

Tax on the profit for the year comprises current tax and deferred tax.

Current Tax

The expected tax payable on the results for the year is called current tax. It is calculated using the tax rates in force at the end of the reporting period. The current tax charge includes adjustments to tax payable in prior years.

Deferred tax

Deferred tax is provided in full using the liability method where there are temporary differences between the carrying value of assets and liabilities for accounting and for tax purposes.

Deferred tax is calculated using the tax rates that are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are only recognised as an asset where it is probable that there will be future taxable profits against which to offset them. Movements in deferred tax are recognised in the statement of comprehensive income.

Investments

Investments in subsidiaries are stated at cost less provisions for any impairment in value. Impairment is assessed by taking into consideration the financial position of the subsidiaries and any potential that the value of the subsidiary has fallen below the value of the investment held by the Company.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition.

Dividends

Dividends are only recognised in the financial statements by the Company once they have been approved by the shareholders.

Britannia Treasury Services Limited

Notes to the financial statements for the year ended 31 December 2014

1 Profit before taxation

Profit on ordinary activities before taxation is stated after charging:

	2014	2013
	£	£
Fees for the audit of the Company's financial statements	7,500	4,182

2 Interest income and similar charges

	2014	2013
	£	£
On financial assets not at fair value through income and expense		
Interest receivable from The Co-operative Bank plc	376,012	350,733

3 Dividend income

Dividends were received from the following subsidiary undertakings:

	2014	2013
	£	£
Western Mortgage Services Limited	3,854,000	4,159,000
Mortgage Agency Services Number Three Limited	-	1,145
Mortgage Agency Services Number Seven Limited	-	7,504
	3,854,000	4,167,649

4 Directors' emoluments

The directors received emoluments from The Co-operative Banking Group for services rendered to all companies with an ultimate parent entity of the Bank. However, these are not apportioned to the individual companies.

At 31 December 2014 three directors had benefits accruing under The Co-operative Group pension scheme (2013: two). Particulars of the latest actuarial valuation of The Co-operative Group pension scheme are disclosed in the accounts of the Bank.

The Company had no employees during the current or prior year.

Britannia Treasury Services Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

5 Taxation

	2014 £	2013 £
UK tax at 21.49% (2013: 23.25%)		
Corporation tax		
Current year	79,205	80,561
Adjustment in respect of prior years	-	108
Total corporation tax	79,205	80,669
Deferred tax		
Current year	-	58
Write off of prior year deferred tax	-	487
Adjustment in respect of prior years	-	(101)
	79,205	81,113

Factors affecting tax charge for the year

The average effective rate of corporation tax assessed for the year is equal to the standard effective rate of corporation tax in the UK of 21.49% (2013: 23.25%).

	2014 £	2013 £
Profit on ordinary activities before tax	4,222,512	4,514,200
Profit before tax multiplied by standard rate of tax	907,551	1,049,397
Effects of:		
Non-taxable income	(828,346)	(968,836)
Change in rate	-	71
Adjustment in respect of prior years	-	7
Write off of prior year deferred tax	-	487
Unrecognised deferred tax	-	(13)
	79,205	81,113

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly. On 8 July 2015 the Chancellor of the Exchequer announced a number of proposed changes to the UK's corporation tax regime. This included proposals to reduce the UK corporation tax rate from 20% to 19% from 1 April 2017 and a further reduction to 18% from 1 April 2020. The Chancellor's announcements were not enacted or substantively enacted at the balance sheet date and accordingly deferred tax as at 31 December 2014 has been calculated based on the enacted rate of 20%.

Deferred tax assets totalling £474 (2013: £474) have not been recognised, where doubt exists over the availability of sufficient future taxable profits.

Britannia Treasury Services Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

5 Taxation (continued)

The reconciliation of the opening and closing deferred tax asset is shown below:

	2014	2013
	£	£
Balance at the beginning of the year	-	444
Deferred tax credited/(utilised) during the year	-	(58)
Write off of prior year deferred tax	-	(487)
Adjustment in respect of prior years		101
Net deferred tax at the end of the year	-	-

6 Investments in subsidiary undertakings

	2014	2013
	£	£
Balance at the beginning of the year	59,500,410	59,500,410
Movement during the year	-	-
Balance at the end of the year	59,500,410	59,500,410

The Company holds 100% of the issued share capital of the following companies registered in England, operating in the UK and trading in the businesses indicated:

Subsidiary undertakings	Principal activity
Direct subsidiaries	
Mortgage Agency Services Number One Limited	Mortgage and commercial lending
Mortgage Agency Services Number Two Limited	Mortgage lending
Mortgage Agency Services Number Three Limited	Mortgage lending
Mortgage Agency Services Number Four Limited	Mortgage lending
Mortgage Agency Services Number Five Limited	Mortgage lending
Mortgage Agency Services Number Six Limited	Mortgage lending
Mortgage Agency Services Number Seven Limited	Mortgage lending
Western Mortgage Services Limited	Mortgage book administration*
Platform Group Holdings Limited	Holding company

*Refer to note 13.

Britannia Treasury Services Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6 Investments in subsidiary undertakings (continued)

Platform Group Holdings Limited has the following wholly owned subsidiary undertakings, registered in England, operating in the UK and trading in the businesses indicated:

Subsidiary undertakings	Principal activity
Direct subsidiaries	
Platform Consumer Services Limited	Holding Company
Indirect subsidiaries	
Platform Funding Limited	Mortgage origination
Platform Funding No. 2 Limited	Holding company
Platform Funding No. 3 Limited	Financial warehouse
Platform Funding No. 4 Limited	Financial warehouse
Platform Funding No. 5 Limited	Financial warehouse
Platform Funding No. 6 Limited	Finance company
Platform Home Loans Limited	Mortgage origination and servicing
PCSL Services No. 1 Limited	Dormant

Impairment reviews are carried out annually on the investments in subsidiary undertakings and any reduction in value resulting from such a review is recognised in the statement of comprehensive income. No impairment indicators have been identified at the end of 2014 (2013: nil).

7 Other receivables

	2014	2013
	£	£
Amounts owed by The Co-operative Bank plc	55,845,088	51,622,684

The above balances owed by the Bank are expected to be settled more than 12 months after the end of the reporting period. There is no formal repayment schedule for the rest of the monies, which are repayable on demand.

The effective interest rate on the above amounts owed by the Bank is 1 month LIBOR plus 21 basis points.

Impairment reviews are carried out annually on the amounts owed by group undertakings designated as other receivables and any reduction in value resulting from such a review is recognised in the statement of comprehensive income. No impairment indicators have been identified at the end of 2014 (2013: nil).

8 Other payables

	2014	2013
	£	£
Group tax relief payable	159,766	80,669

The above group tax relief balance may be settled more than 12 months after the end of the reporting period. It represents amounts due to the Group companies, which will be settled through the intercompany account with the Bank, once the Group tax position has been finalised.

Britannia Treasury Services Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

9 Share capital

	2014 £	2013 £
Issued and fully paid		
5,050,005 ordinary shares of £1 each	5,050,005	5,050,005

The Company's funding consists of share capital and intercompany funding provided by the Bank. Capital is managed on the whole by the Bank, which is subject to the capital requirements imposed by its regulator the Prudential Regulation Authority (PRA).

10 Reconciliation of operating profit to net cash flows from operating activities

	2014 £	2013 £
Profit before taxation	4,222,512	4,514,200
Cash flows from operating activities before changes in operating assets and liabilities		
Increase in amounts owed by The Co-operative Bank plc	(4,222,404)	(4,487,764)
Taxation paid	(108)	(26,436)
Net cash flows from operating activities	-	-

11 Ultimate parent undertaking and controlling entity

The Company's immediate parent undertaking and controlling entity is The Co-operative Bank plc.

The Company has elected to prepare separate financial statements instead of consolidated financial statements, as it meets the four conditions present permitted by the exemption available per IFRS 10, paragraph 4(a). Details of the ultimate parent company which prepares consolidated financial statements is detailed in the paragraph below.

As at 31 December 2014, the directors regard The Co-operative Bank plc as the ultimate parent company. The largest group in which the results of the Company are consolidated is The Co-operative Bank plc, which is incorporated in England. The financial statements of this group are available from <http://www.co-operativebank.co.uk/investorrelations/financialresults> and from its registered office at 1 Balloon Street, Manchester, M60 4EP.

Britannia Treasury Services Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

12 Related party transactions

The directors of the Company consider The Co-operative Bank plc and its subsidiaries to be related parties of the Company. Transactions with The Co-operative Bank plc and its subsidiaries are disclosed below:

	Interest income and similar charges £	Dividend income £	Audit fee paid by The Co-operative Bank plc and recharged to the Company £	Group tax relief due from the Company £	Balance due to the Company £
Year ended 31 December 2014					
The Co-operative Bank plc	376,012	3,854,000	(7,500)	(159,766)	55,845,088
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Year ended 31 December 2013					
The Co-operative Bank plc	350,733	4,167,649	(4,182)	(80,669)	51,622,684
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All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

13 Post balance sheet events

In March 2015, the Company received a loan of £178m from the Bank. The interest charged on the loan is at a rate of 4% above the base rate of the Bank. The loan is unsecured and, together with the accrued interest will be repayable in full, on demand.

The purpose of the loan was to provide funding to the Company to subscribe to an additional 5,000,000 shares in Mortgage Agency Services Number One Limited at £1 par plus £173,000,000 of share premium.

On 1 August 2015, the Company sold 100% of the shares in Western Mortgage Services Limited to Capita Business Services Limited for £30m, of which £5m represent deferred purchase price consideration, payable after one year. A profit of £27.5m was generated on disposal, of which £5.8m was recognised on the date of sale, with the remaining £21.7m being deferred and recognised over the term of the outsourcing arrangement with Capita Businesses Services Limited.